

November 19, 2008

Via E-Mail and USPS

Ms. Clare Laufenberg Gallardo
Strategic Transmission Investment Program
1516 Ninth Street, MS-46
California Energy Commission
Sacramento, CA 95814-5512

Subject: SCEs Comments on the RETI Phase 1B Draft Report

Dear Ms. Laufenberg Gallardo:

Southern California Edison (SCE) appreciates the opportunity to comment on the RETI Phase 1B Draft Report (Draft Report) issued November 5, 2008. Below, SCE addresses specific areas of the Draft Report that require modification.

First, the Draft Report has included a number of CREZs that are comprised substantially of proxy projects. As these CREZs house proxy projects that are prospective and have not yet materialized, they should be placed lower in priority for planning than CREZs that are comprised of projects that are already known. Accordingly, RETI should prioritize planning for transmission facilities in CREZs that have substantial pre-identified projects, filling the projected net short from those areas, before assuming that CREZ's with only proxy projects will meet California's RPS needs. This issue is significant because a number of the CREZs for Southern California area are substantially "proxy" project resources. These resources are listed in the chart below:

<u>CREZ</u>	<u>Proxy Units (Percentage of Capacity)</u>
Fairmont	100.0
Imperial East	92.9
Owens Valley	100.0
San Diego North Central	100.0
San Diego South	76.3
Victorville –A	100.0

SCE does not believe that there are any active bids from these areas, nor does it believe that there are any active projects in the CAISO Interconnection Queue in these areas.

The only project, that SCE is aware of, in the Fairmont area ultimately withdrew its CAISO Interconnection Queue application due to environmental concerns.

Another reason to place these proxy project CREZs in a lower priority is that the CAISO has historically approved transmission projects using one of the following three bases: 1) Reliability, 2) Economic, and 3) Generation Interconnection. In 2006, while trying to obtain approval for the Tehachapi Renewable Transmission Project (TRTP), SCE learned that the CAISO was not able to approve that transmission project for renewable resources using the reliability or economic bases but ultimately needed to rely on generation interconnection requests as the basis for its approval of the project. The proxy projects assumed in this RETI study have not sought generation interconnection, and will likely not support a transmission project approval.

SCE also recommends that, on Figure ES-1 on page ES-7 of the Draft Report, the dashed red-lines segregating the chart into quadrants should be removed. These confuse the process of identifying which CREZs should be priority, especially when the chart is already complicated by the inclusion of the “proxy-project” CREZs.

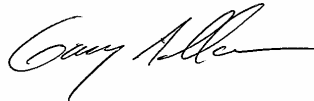
Second, in Section 3.8, Black and Veatch (B&V) summarizes the methodology it used to determine the RETI Net Short. That amount was then used to determine the amount of generation resources necessary to meet California’s 2020 RPS requirements. That need assessment does not include planned and contracted, new renewable generation which does not require new transmission facilities (i.e., the 50 MW Klickitat wind generation project in Washington). The omission of such resources from the need assessment may cause the future energy requirements identified to be overestimated. Additionally, increased energy efficiency and behind the meter cogeneration may lower future state energy requirements and thus reduce the need for renewable energy. These potential reductions to the RETI Net Short should be identified in the Executive Summary as well as in the introductory paragraphs of Section 3.8.

Third, in section 6.4.1 of the Draft Report discusses the distributed solar PV generation capability. SCE believes that this discussion may be overstated since many of the identified sites may not be capable of interconnecting 20 MW of solar generation for various reasons. The circuits in the substations to which the Draft Report assumes the distributed PV projects are interconnected must not be loaded beyond some reasonable level of generation based on their minimum expected loads and these loads were not considered by B&V in this analysis. Therefore a more conservative estimate should be expressed or at least mentioned in this section due to loading and/or circuit protection concerns.

Lastly, as this effort moves into its next phase, SCE urges that future efforts be focused on identification of transmission corridors, rather than the engineering of specific transmission projects. Identification and creation of consensus around appropriate transmission corridors, to serve the agreed-upon priority CREZs, will likely be the most difficult task necessary to facilitate transmission development, as it requires comprehensive permitting, siting and environmental mitigation issues. Accordingly, no attention should be diverted from that effort of identifying transmission corridors.

Thank you very much for your consideration of these comments. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Allen", with a stylized, flowing script.

Gary Allen

cc: Black & Veatch (Ryan Pletka): PletkaRJ@bv.com
Black & Veatch (Tim Mason): MasonT@bv.com
RETI Coordinating Committee Members
RETI Stakeholder Steering Committee Members